

Community Assistantship Program

Whole Farm Cooperative Marketing Options

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Prepared in partnership with
Whole Farm Coop

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INTRODUCTION

Whole Farm Coop (WFC) is a member/producer controlled and operated marketing cooperative representing approximately 30 family farms in Central Minnesota. Members of the coop are committed to producing and marketing sustainably-grown products. Goods produced by coop members include meats, dairy products, grains, vegetables, fruits, maple syrup, wild rice, and a number of dry goods such as soaps, bird houses, and flooring.

The coop has found a niche in marketing its products at churches and advocacy groups in the Twin Cities and throughout the state. This group of consumers is particularly concerned with economic and social justice issues involving family farmers and is interested in purchasing wholesome, locally grown foods, especially their purchases support family farms that are producing products using environmentally and socially responsible methods. The coop has established a system whereby it collects orders from various churches and organizations and then delivers the orders to designated churches or offices to be picked up by customers.

The goal of this project was to work with the coop to improve their marketing efforts and to increase their sales. While sales had been increasing steadily since the coop's inception, in order to become financially sustainable the coop needs to have higher sales.

The first part of the project involved conducting a price comparison. I compared the prices of products sold by Whole Farm Coop with the prices of products available at grocers in the Twin Cities. I then conducted a customer satisfaction survey to gain input from current customers of the coop. Finally, I gave presentations and talked with customers at four churches that were already linked to WFC to try to increase sales.

In working with the coop, I concluded that in addition to improving their marketing efforts, the coop could benefit by making some internal changes within the organization. Recommendations of actions that could be taken are included in this report.

APPROACH

After consulting with Herman Hendrickson of WFC, Paul Sand at Minnesota Department of Agriculture, Helene Murray at the Minnesota Institute for Sustainable Agriculture, University of Minnesota, and Todd Thompson of the Cooperative Development Services, we determined that I would take a three-prong approach to achieve the desired goal of improving WFC's marketing efforts and increasing sales. This approach would include a price comparison, a customer satisfaction survey, and in person presentations and promotion with current churches.

PRICE COMPARISON

I began with a list of WFC products and prices and then visited both retail (Byerly's) and discount (Cub Foods and Rainbow Foods) grocery stores to find what prices they were charging for similar products. The results of the comparison are displayed on Table 1 on the following page. The differences in prices varied. In some instance, WFC prices were nearly double those in both retail and discount stores, but in most cases WFC prices were below the prices charged at the retail store, and in some cases, below the prices charged at the discount stores.

Table 1 - Price Comparison

	Retail	Discount	WFC
POULTRY			
Eggs (1 Dozen)	\$0.96	\$1.00	\$2.00
Whole Chicken (1 lb)	\$2.59	...	\$2.15
Goose (1 lb)	...	\$2.89	\$2.50
DAIRY			
Cheese Curds (1 lb)	\$4.39	...	\$3.75
Monterey Jack (1 lb)	\$3.49	\$3.39	\$3.75
Milk 2% 0.5 Gal	\$1.99	\$1.99	\$1.80
Milk Skim 0.5 Gal	\$1.99	\$1.99	\$1.75
LAMB (Per Pound)			
Chops	\$4.49	...	\$7.80
PORK (Per Pound)			
Bacon	\$3.19	\$2.66	\$3.25
Steaks	\$2.49	\$1.88	\$1.93
Ham	\$3.99	\$1.29	\$2.75
Chops	\$4.99	\$3.89	\$3.25
Ribs	...	\$2.99	\$2.00
BEEF (Per Pound)			
NY Strip	\$9.99	...	\$8.10
Rib Eye	...	\$8.39	\$7.60
T-Bone	\$12.99	...	\$7.50
Sirloin	\$7.99	\$5.29	\$6.30
Round	\$4.99	\$3.99	\$3.35
Roast	\$3.39	\$1.88	\$3.50
Ground (7% Fat)	\$3.59	\$2.19	\$2.65
OTHER			
Polish Sausage (1 lb)	\$3.69	\$1.99	\$3.25
Bratwurst (1 lb)	\$3.49	\$2.59	\$3.25
Coffee Beans (1 lb)	\$8.49	\$7.99	\$8.25

CUSTOMER SATISFACTION SURVEY

We determined that it would be useful to conduct a survey of current customers to learn about their satisfaction with the products they have ordered and to try and better understand if changes in the current system (such as making deliveries more often) might increase the amount of their purchases. Twenty-five individuals were surveyed. All had ordered from Whole Farm Coop within a month of when the survey went out. Seventeen individuals returned the survey. The results are listed below and are based on the percentage of respondents who replied.

Survey Results

1. Overall, are you satisfied with the quality of products available from Whole Farm Coop?
 - a. Yes [94%]
 - b. No. If no, why? [6%]
2. How many times in the last six months have you ordered from the Coop?
 - a. 0 [0]
 - b. 1-2 [12%]
 - c. 3+ [88%]
3. Would you order more frequently if the Coop delivered on a weekly basis?
 - a. Yes [52%]
 - b. No [52%]

Note: One individual was unsure and indicated both responses.
4. Would you order more frequently if items were delivered to your home?
 - a. Yes [24%]
 - b. No [76%]
5. Are you willing to pay a delivery fee for home delivery?
 - a. Yes [18%]
 - b. No [47%]
 - c. Depends [35%]
6. Do you consider Whole Farm Products to be reasonably priced?
 - a. Yes [100%]
 - b. No
7. Are you satisfied with packaging, portions, and the cuts of meat available?
 - a. Yes [76%]
 - b. No. If no, what could be improved? [12%]

The customers who responded to the survey seemed to be pleased with the quality of the products and felt that the pricing was reasonable. In the survey, several changes in current procedures were suggested. The responses seems to indicate that of the options presented, increasing the number of deliveries would be the best way to increase sales. Half of the respondents indicated that they would order more frequently if deliveries were made more frequently. What is not clear is whether their volume of sales would increase if they ordered more frequently. They might just order smaller portions each time. However, it might be a strategy worth testing.

CHURCH VISITS

In addition to the price comparison and customer satisfaction survey, I made visits to four churches that were already Whole Farm Coop drop off sites. The purpose of these visits was to see if such visits would be effective in boosting sales. At these sites I gave a short presentation and/or staffed a booth where I talked to people about the coop and answered questions. After each visit there was a boost in sales, but it is unclear if the increase will be maintained over time, or if this argues for more frequent visits to sites.

The original plan was to visit a number of additional church sites, however, the difficulty in scheduling with the churches made this difficult. The visits needed to be on days when members were present (generally Sundays) and there were only so many Sundays in the course of this assistantship. Furthermore, the churches had many other events and activities going on so scheduling was difficult.

RECOMENDATIONS

Based on the findings of the survey and from my observations, I would make the following recommendations.

1. Analyze the profitability of each area of operation. The coop currently is involved in meat, dairy, poultry, and several other operations. At this time, it is unclear whether all of these operations are profitable.
2. Address issues of personnel, inventory management, and accounting. By improving efficiency in these areas, the coop may be able to improve profit margins.
3. Improve the current distribution system. This will allow the coop to market to a larger clientele and may also improve profit margins.
4. Identify additional markets to increase the customer base. Currently, the coop markets to a very limited customer base.